

June 4, 2004

**MEMORANDUM TO CHIEF INFORMATION OFFICERS**

**FROM:** Karen Evans  
Administrator, Office of Electronic Government

**SUBJECT:** Information Technology Budget Submissions for FY06

**Purpose:**

This memorandum provides guidance on how agencies can increase the quality of the information they submit in their agency budget exhibits on information technology (IT) investments for FY06. Except to reflect Presidential priorities and a few items required by law, for FY06 we plan no content or format changes to these exhibits. Accordingly, OMB looks forward to more timely and accurate information reported for FY06.

**Background:**

As you know, OMB Circular A-11 provides, among other things, guidance to agencies on the preparation of their budget submissions. A-11 requires agencies to prepare two exhibits related to IT investments: exhibit 53 ("Agency IT Investment Portfolio") and exhibit 300 ("Capital Asset Plan and Business Case"). OMB uses the information reported in the exhibit 300 to make budget decisions and draw conclusions about whether the agency's planning, acquisition, management and use of capital assets (investments) are consistent with OMB policy and guidance.

**Requirement:**

During the FY06 budget cycle, OMB will continue to evaluate both the health of individual investments and the agencies' overall capital planning and investment control processes and programs. Moreover, we will evaluate the extent to which each agency's IT portfolio is aligned with agency programs evaluated under performance and results criteria (PART). To assist us in these efforts, please complete the following 2 actions and submit the results with your FY06 IT budget request on September 13, 2004:

Complete a self-evaluation (scoring) of each exhibit 300 using the evaluation criteria in section 300.10 of A-11, and applying the same rigor as OMB in reviewing and assessing your business cases. Include this self-evaluation as part of your IT budget submission.

- As a result of your self-evaluation, we expect you to include only well planned, managed and performing investments (i.e., those accurately scoring a "4" or "5" overall with a "4" or higher for security).
- OMB will compare this self-evaluation with OMB's evaluation and discuss the results of that comparison with your agency and the President's Management Council

2. Submit, as an addendum to your information resources management (IRM) strategic plan, a brief document (2 pages) summarizing the impact of your agency IT Portfolio management process.
  - Discuss how the management of your agency IT portfolio has enhanced the quality of IT investments, resulting in improved program performance and more efficient use of all IT assets.
  - Demonstrate how your agency IT portfolio aligns and integrates with agency programs evaluated using the OMB's Program Assessment Rating Tool (PART).

Attached to this memorandum is additional specific guidance to improve the quality and accuracy of submissions. If you have any questions, please contact Glenn Schlarman at [gschlarman@omb.eop.gov](mailto:gschlarman@omb.eop.gov).

### Exhibit 53 (Agency IT Portfolio)

The Exhibit 53 is an Excel spreadsheet; use the functionality of the application to ensure accuracy in reporting. For example, for each part of the exhibit agencies can use the sum function within the spreadsheet to develop a subtotal. These subtotals would result from adding up all the individual investments within each part, excluding those investments coded as 04 ("funding source or appropriation") and 09 ("any subtotals"). The sum of these subtotals for each part must equal the total amount of the Agency IT portfolio.

Eliminate format-related problems:

- Do not alter the format of any cells in the exhibit 53 template provided by OMB, e.g., number, currency, text, etc. Information in all columns must be consistent with the required format for that column. For example, do not enter text into fields for investment resources (e.g., "Prior Year Total Investment" or "DME 2004") and percentages (i.e., "Financial" and "IT Security"). If additional information is necessary, put those "notes" in the "Investment Description" field.
- Financial information must be reported in Millions (\$) on both exhibit 53 and 300, and may be reported to 3 significant digits, e.g., \$ X.XXX. Financial information on exhibit 53 and 300 must be consistent.
- Verify that all "Unique Project IDs for FY06" are unique, i.e., that the same ID is not used for more than one investment.
- Complete all rows. For example, unique IDs are required if project information is submitted. If **no** project information is provided, there should be no orphan unique IDs.

Verify that all unique IDs are in the format specified in A-11, section 53.8, (i.e., "xxx-xx-xx-xx-xxxx-xx-xxx-xxx").

Do not use a "Hard-Return" in any field.

Data entered in the columns "Percentage IT security" and "Percentage financial" must be decimal numbers, i.e., a value of "50" is understood to mean fifty percent. If the intent is to enter a value of one-half of one percent, then the data entry must be ".50."

- Properly code the individual investments that are part of or linked to the 24 government-wide Presidential E-Gov initiatives or 5 LoB task force initiatives, i.e. the 16<sup>th</sup> and 17<sup>th</sup> digits in the project ID should be coded "24". Do not enter a value of "24" code in the 16<sup>th</sup> and 17<sup>th</sup> digits of the Unique ID for any other investments unless specifically directed or approved by OMB.

- For joint business cases, participating agencies must include the Unique ID of the Managing Partner investment in the "Investment Description" field. The last 12 digits of Unique IDs for joint projects reported by Managing Partners and participating agencies must match.
- "Mode of Delivery" is no longer a primary business area in the BRM, therefore agencies may no longer use the "2XX: Primary Mode of Delivery layer" code for the 18<sup>th</sup>, 19<sup>th</sup>, and 20<sup>th</sup> digits of the investment's unique identification number.
- A primary LoB mapping must be identified for all investments -- "100", "200", "300", "400" will not be acceptable 3 digit codes for the 18<sup>th</sup>, 19<sup>th</sup>, and 20<sup>th</sup> digits of the unique ID number unless an agency receives prior OMB approval (i.e., by not later than August 13, 2004).

A primary Sub-function mapping must be identified for ALL investments therefore, "999" will not be an acceptable 3 digit code for the 21<sup>st</sup>, 22<sup>nd</sup>, and 23<sup>rd</sup> digits of the unique ID number unless an agency receives prior OMB approval (i.e., by not later than August 13, 2004).

- Each agency must provide a single business case (line item in the Exhibit 53) for the Department-level EA effort under Part 3, Enterprise Architecture and Planning.

Provide the DME and SS amounts for non-major investments to improve the accuracy of "total" and "subtotal" amounts reported. Including this data and using the functionality of the spreadsheet will help produce correct subtotals and totals.

Consolidate and report Grants to States and Other Entities for Information Technology by creating a Part 5 (or, for DoD, a new Part 6). (Several agencies, including HHS, USDA and Interior, already do this.)

If necessary, use "06" or "07" as the 6<sup>th</sup> and 7<sup>th</sup> digits in the unique ID number for non-IT investments.

Use the nine-digit OMB budget account number to identify investment "funding sources." See A-11, section 79.2 for more information about the nine-digit OMB account number.

XXX	-	XX	-	XXXX
OMB Agency Code		OMB Bureau Code		Account Symbol

Except for government-wide E Gov initiatives, funding amounts (subtotals and totals for DME, SS and fiscal year) must match amounts included on exhibit 300. If there are discrepancies, OMB will rely on exhibit 53 for resource data.

Agencies must submit exhibit 300s for all major investments listed on exhibit 53. OMB will disregard both "orphan" exhibit 300s (i.e., no entry on exhibit 53) and exhibit 53 line items for major investments without an associated exhibit 300 (i.e., matched by unique ID and investment name/title).

## Exhibit 300 (Capital Asset Plan and Business Case)

### In Part I:

"Account Identification Code" means the nine-digit OMB budget account number. See A-11, section 79.2 for more information about the nine-digit OMB account number.

XXX	-	XX	-	XXXX
OMB Agency Code		OMB Bureau Code		Account Symbol

- "Name of Investment" means the same thing as "Investment Title" on exhibit 53. The information provided must be identical.
- The "Unique Project (Investment) Identifier" must match the "Unique Project ID" on exhibit 53. All major investments must submit an exhibit 53. All major investments listed on exhibit 53 must have an associated exhibit 300.
- A "Yes" response to the question "Did the Executive/Investment Review Committee approve funding for this investment this year?" means that the agency evaluated the Business Case in accordance with the criteria specified in A-11, section 300.10, and it scored a "4" or "5" overall, with greater than a "3" for security. In other words, OMB assumes that agencies would not request resources for inadequately planned, poorly managed or non-performing investments, i.e., those scoring a "3" or less overall, or a "3" or less for security (regardless of the overall score).
- A "Yes" response to the question "If the investment administers information in identifiable form about members of the public, was a privacy impact assessment submitted via PIA@omb.eop.gov with a unique project (investment) identifier?" means that the investment administers information that directly identifies an individual (name, identifying number, symbol or other particular, such as address, phone number,, etc.) or that potentially identifies an individual in conjunction with other data elements (descriptors, such as gender, race, birth date, geographic location), and the investment is DME (i.e., new development or acquisition, including substantial modification of an existing system). Agencies must submit to OMB PIAs for all investments responding "Yes" to this question.

A "Yes" response to the question "Was this investment included in a Performance Assessment Rating Tool (PART) Review?" means that the investment supports a

federal program that has been or will be (in either FY2005 or FY2006) evaluated using OMB's PART. More information about the PART is available at <http://www.whitehouse.gov/omb/part/index.html>.

In section I.C, all IT investments that are reported to OMB for the first time or that are new DME for FY2005 and beyond must fully complete all 4 levels of the PRM framework in accordance with the revised Performance Reference Model (to be issued on or about May 12<sup>th</sup>) and the FEA-related Additional Guidance update (to be released on June 4, 2004).

## **In Part II**

OMB will issue additional instructions to improve the quality of the FEA-related data on June 4<sup>th</sup>; agencies must follow those instructions in preparing their exhibits 53 and 300. The instruction will cover such topics as: unique ID requirements for the LoB task force initiatives; highlights on reference model revisions; clarification on parameters in identifying primary LoB and sub-function; and additions and limitations to the pick lists to reflect reference model changes.

- In section II.A.1.E, agencies must identify a maximum of three (3) secondary Lines of Business and Sub-function alignments supported by the IT investment. Please note: If you identified "Service for Citizens" as the primary Line of Business in the unique project identification number, you must identify the corresponding "Mode of Delivery" as one of the secondary alignments in this section.
- In section II.A.3.A, all major investments must fully complete the Service Reference Model table in accordance with the revised Service Component Reference Model and updated FEA-related Additional Guidance (to be released on June 4<sup>th</sup>).

In section II.A.3.C, for each component identified in the SRM table, you must complete the Technical Reference Model table in accordance with the revised Technical Reference Model (to be issued on or about May 12<sup>th</sup>) and FEA-related Additional Guidance update (to be released on June 4<sup>th</sup>).